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SENATE

P.S. Res. No. 122

RECEIVED BY: 

Introduced by Senator Gregorio B. Honasan II

RESOLUTION

DIRECTING THE COMMITTEE ON WAYS AND MEANS TO CONDUCT AN INQUIRY AND THOROUGH REVIEW, IN AID OF LEGISLATION, THE VIABILITY TO AMEND SECTION 4 OF RA 9334 OR THE SIN TAX LAW BY INCREASING FURTHER THE RATES SET ON THE EXCISE TAX IMPOSED ON TOBACCO, CIGARETTES AND CIGARS, WITH THE END IN VIEW OF COLLECTIVELY REDUCING GOVERNMENT'S BALLOONING PUBLIC SECTOR BUDGET DEFICIT, PREVENT THE INCIDENCE OF SMOKING RELATED DISEASES, AND PROVIDE PROTECTION TO THE ENVIRONMENT

WHEREAS, RA 9334 was passed into law in 2004 in order to help government's effort to balance the country's public sector deficit, however, based on the data from the Bureau of Internal Revenue (BIR), excise tax collection during the first quarter of 2007 totaling to P10.4 billion, is 27% lower than the total collections during the same period of last year;

WHEREAS, of the P10.4 billion excise tax collections on both tobacco and alcohol products, P4.5 billion was contributed by taxes on cigarettes which is actually a 30% drop from the revenue collection of last year's P6.5 billion;

WHEREAS, according to the Department of Health (DOH) estimates, the annual accumulated government revenues from cigarette taxes amounting to some P26 billion is not even enough to cover the health care spending of patients inflicted with tobacco-related ailments posted at P27 billion and some P18 billion productivity losses associated to smoking due to early deaths;

WHEREAS, the DOH further stated that long-term smoking can contribute significantly to the acceleration of health problems like nicotine addiction; coronary artery disease; heart disease, hardening of the arteries and complication of blocked arteries, hypertension, blood clots; stroke; peptic ulcer disease; lung diseases; cancers; disease of the oral cavity; and delayed healing;

WHEREAS, cigarette smoking is a major factor to tobacco smoke pollution coined by most environmentalists as environmental tobacco smoke (ETS) that can occur in any place from home, restaurant to workplace and exposes every citizen specially children to severe health risk delivered by smoking;

WHEREAS, smoking-related environmental hazard is further aggravated by unrelenting littering of millions of cigarette filters onto the streets which unfortunately find their way to the aquatic ecosystem;

WHEREAS, a move to increase excise tax on cigarette products may well supplement and plug-in the collection leakage and boost the 5% budget allocation for the National Health Insurance and Disease Prevention Programs of the national government as mandated by RA 9334, lessen indices of cigarette-related diseases, and thwart its serious implications to the ecological environment;

WHEREAS, in order to cushion the impact and protect the interest of the entire tobacco industry of an impending additional excise tax to be levied as intended by this resolution, the Committee on Ways and Means may likewise conduct a study on the feasibility of granting certain tax rebates to tobacco companies that have existing smoking prevention campaign programs for the youth nationwide.

NOW THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, to direct the Committee on Ways and Means to conduct an inquiry and thorough review, in aid of legislation, the viability to amend Section 4 of RA 9334 or the Sin Tax Law by increasing further the rates set on the excise tax imposed on tobacco, cigarettes and cigars, with the end in view of collectively reducing government's ballooning public sector budget deficit, prevent the incidence of smoking related diseases, and provide protection to the environment.

Adopted,



GREGORIO B. HONASAN II
Senator