

**Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila**

**Thirteenth Congress
First Regular Session**

House Bill No. 2267

Introduced by Honorable Catalino V. Figueroa

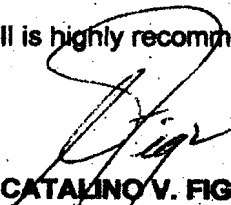
EXPLANATORY NOTE

This Bill is intended to minimize the regressivity in the taxation of goods. It seeks to impose, in addition to the 10% VAT, a 20% excise tax on selected goods and appliances such as high priced-carpets made of wool or fine animal hair and whirlpool bath tubs purchased mostly by those who can well afford to own such goods and appliances.

Similarly, this Bill imposes a 10% excise tax on carbonated drinks, fruit juice drinks, including those from liquid concentrates and powdered juice drinks. Despite the nutritional inadequacy of carbonated beverages, it has become popular in the market as many people enjoy its tastes, the thirst quenching and stimulating effect of the carbonation. The market for fruit juice drinks and powdered juice drinks is increasing because they are more practical alternatives providing more nutrition as compared to carbonated beverages. While these products have become prime commodities in the market today, the increase in its price could be very well expected. The price increase can simply be taken as a by-product of an inflationary tendency which affects most commodities at present.

The proposal will generate additional revenue which will partially meet the current budgetary problems of the government.

Wherefore, the approval of this bill is highly recommended.


CATALINO V. FIGUEROA

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**AN ACT
IMPOSING EXCISE TAX ON CARBONATED DRINKS, FRUIT JUICE DRINKS
AND POWDERED JUICE DRINKS AND ON A CERTAIN NON-ESSENTIAL
ARTICLES AMENDING FOR THE PURPOSE SECTION 150 OF THE
NATIONAL INTERNAL REVENUE CODE, AS AMENDED AND INSERTING A
NEW SECTION THEREOF.**

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

SECTION 1. Section 150 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"Section 150. (Non-Essential Goods) CARBONATED DRINKS, FRUIT JUICE DRINKS AND POWDERED JUICE DRINKS. – (There shall be levied, assessed and collected a tax equivalent to 20% based on the wholesale price or the value of importation used by the Bureau of Customs in determining tariff and customs duties net of excise tax and value-added tax on the following goods:

"(a) All goods commonly or commercially known as jewelry, whether real or imitation, pearls, precious and semi-precious stones and imitations thereof, goods made of, or ornamented, mounted or fitted with, precious metals or imitations thereof or ivory (not including surgical and dental instruments, silver plated wares, frames or mountings for spectacles or eyeglasses, and dental gold and other precious metals used in filling, mounting or fitting of the teeth); opera glasses and lorgnettes. The term "precious metals" shall include platinum, gold,

silver, and other metals of similar or greater value. The terms "imitations thereof" shall include plating and alloys of such metals.)

(b) Perfumes and toiletries.

(c) Yachts and their vessels intended for pleasure or sports.

THERE SHALL BE LEVIED, ASSESSED AND COLLECTED ON CARBONATED DRINKS, FRUIT JUICE DRINKS, INCLUDING FRUIT JUICE DRINKS FROM LIQUID CONCENTRATES AND POWDERED JUICE DRINKS AN AD VALOREM TAX OF TEN PERCENT (10%) OF THE MANUFACTURER'S OR IMPORTER'S WHOLESALE PRICE INCLUDING THE AMOUNT INTENDED TO COVER THE AD VALOREM TAX IMPOSED UNDER THIS SECTION AND THE AMOUNT INTENDED TO COVER THE VALUE-ADDED TAX IMPOSED UNDER TITLE IV OF THIS CODE. FOR PURPOSES OF THIS PARAGRAPH-

- (1) THE TERM "CARBONATED DRINKS" SHALL MEAN AERATED POTABLE WATER, WHETHER OR NOT CONTAINING ADDED SUGAR OR OTHER SWEETENING OR FLAVORED; AND OTHER NON-ALCOHOLIC BEVERAGES, EXCLUDING FRUIT OR VEGETABLE JUICES, WHICH ARE CHARGED UNDER PRESSURE WITH CARBON DIOXIDE GAS AND ARE SOLD IN BOTTLES AND OTHER AIR-TIGHT CONTAINERS.
- (2) THE TERM "FRUIT JUICE DRINK" SHALL MEAN FRUIT JUICES GENERALLY OBTAINED BY PRESSING FRESH AND RIPE FRUITS, UNFERMENTED AND NOT CONTAINING ADDED SPIRITS, WHETHER OR NOT CONTAINING ADDED SUGAR OR OTHER SWEETENING MATTER; OR HIGHLY DILUTED ARTIFICIAL COLORED AND FLAVORED DRINKS THAT CONTAIN LITTLE OR NO FRUIT INGREDIENT USUALLY REQUIRING DILUTION BEFORE DRINKING.
- (3) THE TERM "POWDERED JUICE DRINKS" SHALL MEAN FRUIT JUICES IN POWDERED FORM AND POWDER MIXTURES DERIVED FROM CHEMICAL SUBSTANCES WHICH IMITATE THE TASTE AND COLOR OF FRUITS.

SECTION 2. A new Section is hereby inserted in the National Internal Revenue Code, as amended, as Section 150-A which shall read as follows:

"SECTION 150-A. NON-ESSENTIAL GOODS. - THERE SHALL BE LEVIED, ASSESSED AND COLLECTED AN AD VALOREM TAX OF TWENTY PERCENT (20%) OF THE MANUFACTURER'S OR IMPORTER'S WHOLESALE PRICE ON THE FOLLOWING GOODS:

"(A) HIGH GRADE WATCHES: GOODS MADE OF, OR ORNAMENTED, MOUNTED OR FITTED WITH, PRECIOUS METALS OR IMITATIONS THEREOF OR IVORY (NOT INCLUDING SURGICAL AND DENTAL INSTRUMENTS, SILVER-PLATED WARES, FRAMES OR MOUNTINGS FOR SPECTACLES OR EYEGASSES, AND DENTAL GOLD OR GOLD ALLOYS AND OTHER PRECIOUS METALS USED IN FILLING, MOUNTING OR FITTING OF THE TEETH; OPERA GLASSES

AND LOGNETTES. THE TERM "PRECIOUS METALS" SHALL INCLUDE PLATINUM, GOLD, SILVER AND OTHER METALS OF SIMILAR OR GREATER VALUE. THE TERM "IMITATION THEREOF" SHALL INCLUDE PLATINGS AND ALLOYS OF SUCH METALS.

(B) PERFUMES AND TOILET WATERS;

(C) YACHTS AND OTHER VESSELS, HELICOPTERS AND AIRPLANES INTENDED FOR PLEASURE OR SPORTS OR PERSONAL USE;

(D) CARPETS MADE OF WOOL OR FINE ANIMAL HAIR AND SIMILAR TEXTILE FLOOR COVERINGS, EXCEPT THOSE MADE OF LOCAL MATERIALS;

(E) CELLULAR MOBILE PHONES;

(F) WHIRLPOOL BATH TUBS;

(G) COLORED TELEVISION SETS WITH PICTURE TUBE BIGGER THAN 21 INCHES;

(H) MICROWAVE OVENS;

(I) VIDEO GAMES OF A KIND USED WITH A TELEVISION RECEIVER;

(J) COMPACT DISC AND LASER DISC PLAYERS;

(K) GOLF SETS AND REQUISITES;

(L) PIANOS INCLUDING ELECTRIC ORGANS AND SYNTHESIZERS;

(M) LUXURY FURNITURE;

(N) VIDEO CAMERAS;

(O) DIGITAL TAPE RECORDERS AND

(P) SLOT MACHINE, PIN BALL MACHINES AND OTHER SIMILAR RECREATIONAL MACHINES.

FOR PURPOSES OF THIS SECTION, THE TERM "MANUFACTURER'S OR IMPORTER'S WHOLESALE PRICE" SHALL INCLUDE THE AMOUNT INTENDED TO COVER THE AD VALOREM TAX IMPOSED UNDER THIS SECTION AND THE AMOUNT INTENDED TO COVER THE VALUE-ADDED TAX IMPOSED UNDER TITLE IV OF THIS CODE."

SECTION 3. The Secretary of Finance shall, upon the recommendation of the Commissioner of Internal Revenue, promulgate the necessary rules and regulations for the effective implementation of this Act.

SECTION 4. All laws, decrees, executive orders, rules and regulations inconsistent herewith are hereby repealed, amended or modified accordingly.

SECTION 5. This Act shall take effect after fifteen (15) days from its publication in the Official Gazette or in newspapers of general circulation.

Approved,