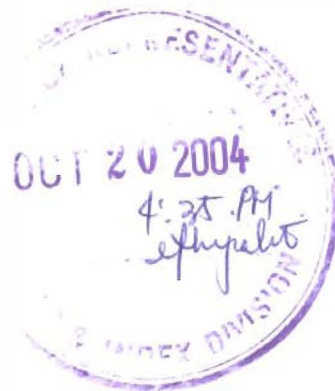


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS

First Regular Session

HOUSE BILL NO. 3137



Introduced by HON. DANILO E. SUAREZ

EXPLANATORY NOTE

Softdrinks have been part of the Philippine landscape for decades. They are a single refreshment beverage that make no nutritional claims, but are often alleged to cause some problems in dental health, obesity, calcium displacement and hyperacidity leading to ulcers.

Softdrinks are made by mixing syrup (which is made from raw materials such as sugar, sweeteners and flavoring additives) with carbonated water. While some of the softdrinks are sold at fountains, others are packaged in bottles or cans. The growing presence of softdrinks in the Filipino diet is a phenomenon and ever-felt as reflected by the growth in sales of softdrinks nationwide. With the wide array of flavors used in softdrinks, the more our people tend to drink them rather than drink fruit juices. Also, softdrinks cost less than natural juices.

Health-wise, softdrinks may pose problems in the long run caused by frequent usage. It is in this note that this proposal is being made – to tax the flavored or coloured syrup being used in softdrink manufacturing. These flavored syrups distinguish the types of softdrinks being marketed nowadays. From cola flavor, the industry has grown to include additional flavors like orange, lime, lemon, grape, rootbeer, among others. Caffeine-free and diet versions of almost all of the industry's products have also been introduced. Taxing the flavored or coloured syrups used in softdrinks would discourage use of softdrinks in the Filipino diet and may avoid the afore-cited health problems these drinks may bring. A ten percent (10%) *ad valorem* tax on flavored or coloured syrups exclusively used in manufacturing softdrinks is being proposed to be imposed on the manufacturer's selling or the total value of importation used by the Bureau of Customs in determining tariff and customs duty, including customs duty and all other charges, net of value-added tax.

In view of the above-cited reasons, the early passage of this measure is earnestly sought.


REP. DANILO E. SUAREZ
3rd District, Quezon

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HOUSE BILL NO. 3137

Introduced by **HON. DANILO E. SUAREZ**

AN ACT IMPOSING A TEN PERCENT (10%) *AD VALOREM* TAX ON FLAVORED OR COLOURED SYRUPS EXCLUSIVELY USED IN THE MANUFACTURE OF SOFTDRINKS BY INSERTING A NEW SECTION, THEREBY AMENDING FOR THE PURPOSE CHAPTER VI, TITLE VI 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:

SECTION 1. Chapter VI, Title VI of the National Internal Revenue Code of 1997, as amended is hereby amended by inserting a new Section 149-A to read as follows:

“CHAPTER VI – EXCISE TAX ON MISCELLANEOUS ARTICLES”

“SEC. 149. Automobiles - x x x

SEC. 149-A. *FLAVORED OR COLOURED SYRUPS.* - THERE SHALL BE LEVIED, ASSESSED AND COLLECTED A TEN PERCENT (10%) *AD VALOREM* TAX ON FLAVORED OR COLOURED SYRUPS EXCLUSIVELY USED IN MANUFACTURING SOFTDRINKS BASED ON THE MANUFACTURER'S SELLING PRICE OR THE TOTAL VALUE OF IMPORTATION USED BY THE BUREAU OF CUSTOMS IN DETERMINING TARIFF AND CUSTOMS DUTY INCLUDING CUSTOMS DUTY AND ALL OTHER CHARGES, NET OF VALUE-ADDED TAX. ”

SEC. 2. *Implementing Rules and Regulations.* - 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.

SEC. 3. *Effectivity.* - This Act shall take effect fifteen (15) days following its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,