

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

Thirteenth Congress  
First Regular Session

HOUSE BILL NO. 3988



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Introduced by Honorable BIENVENIDO M. ABANTE, JR.

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**EXPLANATORY NOTE**

It cannot be ignored that the most immediate and easiest remedy to prevent the collapse of our economy is to raise revenue by way of taxes. But if we have to impose new taxes or increase existing ones, we must not do so at the expense of our poor countrymen. If many of our countrymen could not even afford to eat three square meals a day prior to the effectivity of the proposed **new VAT law**, more so the moment such **VAT law** is approved and enforced. If, therefore, we have to **increase taxes** or **impose new ones**, it must be done on non-essential commodities and services. Imposing additional taxes on basic commodities and services is tantamount to further **oppressing** our **already oppressed** countrymen.

It is medically admitted that **drinking alcoholic beverages** and **smoking are dangerous to one's health**. In fact, advertisements and/or labels carry these **warnings**: "Smoking is dangerous to your health"/ "drink moderately". I believe that a **sickly people** means a **sickly nation**. The best deterrent to smoking and drinking alcoholic drinks/ beverages is to increase the taxes on these non-essential, yet destructive commodities.

This bill seeks to further **increase the taxes** on alcohol and tobacco products to form part of the funds of the National Government and a portion of it shall be used to finance rehabilitation centers or institutions for alcoholics that they may oncemore become useful and productive elements of society.

The approval of this Bill is therefore earnestly requested.

BIENVENIDO M. ABANTE, JR.

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**AN ACT**

**FURTHER 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 BY REPUBLIC ACT NO. 9334**

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

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

“Sec 141. Distilled Spirits. - On distilled spirits, there shall be collected, subject to the provisions of Section 133 of this Code, excise taxes as follows:

“a) If produced from the sap of nipa, coconut, cassava, camote, or buri palm or from the juice, syrup or sugar of the cane, provided such materials are produced commercially in the country where they are processed into distilled spirits, per proof liter, TWENTY NINE PESOS AND TWELVE CENTAVOS (P29.12);

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

“(1) Less than Two Hundred and Fifty Pesos (P250.00) – THREE Hundred FIFTEEN pesos (P315.00), per proof liter;

“(2) Two hundred and fifty pesos (P250.00) up to Six hundred and seventy five (P675.00) pesos- SIX hundred THIRTY Pesos (P630.00), per proof liter; and

“(3) More than Six hundred and seventy five Pesos (675.00) – ONE THOUSAND TWO HUNDRED SIXTY pesos (P1, 260.00), per proof liter; and

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

“Sec. 142. Wines. – On wines, there shall be collected per liter of volume capacity, the following taxes:

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

“(1) Five hundred pesos (P500.00) or less – THREE HUNDRED SIXTY FOUR pesos (P364.00); and

“(2) More than five hundred Pesos (P500.00) – ONE THOUSAND AND NINETY TWO PESOS (P1, 092.00);

“(b) Still wines containing fourteen percent (14%) of alcohol by volume or less, FORTY THREE pesos and SIXTY seven centavos (P43.67); and

“(c) Still wines containing more than fourteen percent (14%) but not more than twenty-five percent (25%) of alcohol by volume, EIGHTY SEVEN pesos and FORTY FIVE centavos (P87.45).

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

“Sec.143. Fermented Liquors – There shall be levied, assessed and collected an excise tax on beer, lager beer, ale, porter and other fermented liquors except tuba, basi, tapuy and similar fermented liquors in accordance with the following schedule:

“(a) If the net retail price (excluding the excise tax and the value-

and fifty centavos (P14.50) the tax shall be TWENTY pesos and SIXTY-seven centavos (P20.67) per liter;

“(b) If the net retail price (excluding the excise tax and the value-added tax) per liter of volume capacity in Fourteen Pesos and Fifty Centavos (P14.50) up to Twenty-two pesos (P22.00) the tax shall be THIRTY pesos and SEVENTY-FIVE centavos (P30.75) per liter;

“(c) If the net retail price (excluding the excise tax and the value-added tax) per liter of volume capacity is more than Twenty-Two pesos (P22.00), the tax shall be FORTY pesos and EIGHTY-TWO centavos (40.82) per liter.

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**SEC.4** Section 144 of the National Internal Revenue Code pf 1997 as amended by Republic Act No. 9334 is further amended to read as follows:

“Sec.144. Tobacco Products – There shall be collected a tax of TWO PESOS AND FIFTY CENTAVOS (P2.50) on each kilogram of the following products of tobacco:

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

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

“(c) Fine-cut shorts and refuse, scraps, clippings, cuttings, stems and sweeping of tobacco except as otherwise provided hereunder.

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“X X X X

“On tobacco specially prepared for chewing so as to be unsuitable for use in any other manner, on each kilogram, ONE PESO AND EIGHTY SEVEN CENTAVOS (P1.87).

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

“Sec. 145. Cigars and Cigarettes. –

“(A) Cigars. – There shall be levied, assessed and collected on cigars on ad valorem tax based on the net retail price per cigar (excluding the excise tax and the value-added tax) in accordance with the following schedule:

“(1) If the net retail price per cigar is Five hundred pesos (P500.00) or less, TWENTY FIVE percent (25%);

“(2) If the net retail price per cigar (excluding the excise tax and the value-added tax) is more than Five hundred pesos (P500.00), ONE HUNDRED PESOS (P100.00) plus THIRTY FIVE percent (35%) of the net retail price in excess of Five hundred pesos (P500).

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

“Effective on January 1, 2006, FIVE pesos (P5.00) per pack;

“Effective on January 1, 2008, FIVE pesos and FIFTY- SEVEN centavos (P5.57) per pack;

“Effective on January 1, 2010, SIX pesos and SEVENTEEN centavos (P6.17) per pack;

“Effective on January 1, 2012, SIX pesos and EIGHTY centavos (P6.80) per pack.

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

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

“Effective January 1, 2006, FIVE pesos (P5.00) per pack;

“Effective on January 1, 2008, FIVE pesos and FIFTY- SEVEN centavos (P5.57) per pack;

“Effective on January 1, 2010, SIX pesos and SEVENTEEN centavos (P6.17) per pack; and

“Effective on January 1, 2012, SIX pesos and EIGHTY centavos (P6.80) per pack.

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

“Effective January 1, 2006, FIFTEEN pesos and EIGHTY-SEVEN centavos (P15.87) per pack;

“Effective on January 1, 2008, SIXTEEN pesos and EIGHTY-FIVE centavos (P16.85) per pack;

“Effective on January 1, 2010, SEVENTEEN pesos and EIGHTY-FIVE centavos (P17.85) per pack; and

“Effective January 1, 2012, EIGHTEEN pesos and NINETY centavos (P18.90) per pack.

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

“Effective on January 1, 2006 TWENTY FIVE pesos and EIGHTY-SEVEN centavos (P25.87) per pack;

“Effective on January 1, 2010, TWENTY EIGHT pesos and FIFTY-SEVEN centavos (P28.57) per pack; and

“Effective on January 1, 2012, THIRTY pesos (P30.00) per pack.

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

“Effective on January 1, 2006, SIXTY-TWO pesos and FIFTY centavos (P62.50) per pack;

“Effective on January 1, 2008, SIXTY-FIVE pesos and FIFTEEN centavos (P65.15) per pack;

“Effective on January 1, 2010, SIXTY-SEVEN pesos and NINETY centavos (P67.90) per pack; and

“Effective on January 1, 2012, SEVENTY pesos and SEVENTY-FIVE centavos (P70.75) per pack.

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**SEC. 6.** Section 288 of the National Internal Revenue Code, as amended by Republic Act No. 9334 is hereby further amended to read as follows:

“SEC. 288. Disposition of Incremental Revenues. –

“(A) Incremental Revenues from Republic Act No. 7660.- xxx

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| “(4) | xxx | xxx | xxx |
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“(B) Incremental Revenues from Republic Act No. 8240.- xxx

|      |     |     |
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| “(3) | xxx | xxx |
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“(C) Incremental Revenues from Excise Tax on Alcohol and Tobacco Products -

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|------|-----|-----|-----|
| “(1) | xxx | xxx | xxx |
|      | xxx | xxx | xxx |
| “(2) | xxx | xxx | xxx |
|      | xxx | xxx | xxx |

“(3) TWO PERCENT (2%) OF THE INCREMENTAL REVENUE FROM THE EXCISE TAX ON ALCOHOL AND TOBACCO PRODUCTS STARTING JANUARY 2006 SHALL BE CREDITED TO THE ACCOUNT OF THE DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT AND CONSTITUTED AS A TRUST FUND FOR REHABILITATION PROGRAMS OF ALCOHOLICS.

“The earmarkings provided under this provision shall be observed for five (5) years starting from January 2006”

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

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

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

**SEC. 10. – Effectivity Clause.** – This Act shall take effect on January 1, 2006.

*Approved,*