

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

House Bill No. 293

Introduced by **HONORABLE DANILO E. SUAREZ**

EXPLANATORY NOTE

Taxation is arguably the most effective tool of any type to control tobacco use. It is among the policy mix being by different countries to reduce tobacco consumption and/or generate revenues. In the Philippines, excise taxes for tobacco, cigar and cigarette products were last raised in 2005 primarily to index the tax rate with inflation and raise more revenues for the government. The health issues were indirectly addressed through the tax rate increase through the tax rate increase, but obviously not create a dent on tobacco consumption.

Many view that the increase in the excise tax rate for tobacco are not enough to correctly index the tax to inflation. Anti-smoking advocates view the increase as not sufficient to really create an impact to prevent smoking-related diseases, and just allow smokers, especially from the lower economic brackets, to just merely shift lower priced cigars and cigarettes.

The Department of Health imparts that smoking is a major cause of heart disease, stroke, impotence, hearing loss, impaired vision, loss of bone density and other maladies. The government-mandated health warnings on cigarette packs and in advertisements offer meager accounts of the health consequences of smoking. As a result, cigarette smoke is the leading cause of preventable death in the country.

To really make taxation and regulation as an effective deterrent to smoking, the manufacturing costs to produce cigars and cigarettes should increase so as to increase the price of these tobacco products. Hence this bill proposes to increase by 50% specific tariff rates pertaining to tobacco (tariff heading 24.01 and 24.03), tariff heading 48.13 which describes cigarette paper and tariff line 5601.22.10 for wrapped cigarette tow or filter rods. The measure primarily aims to really effect a decline in tobacco consumption among users.

The price of maintaining a healthy population is high and calls for a strong political will to impose regulations, which will redound to the benefit of the people. Taxation and regulation, coupled with information dissemination, prioritization in budgetary allocation and constant research in health, tobacco effects, etc., will be the key to create a radical decline in tobacco use and the health maladies caused by smoking. It is earnestly hoped that support and adherence to the health priorities of the nation will push for the early passage of this bill.


DANILO E. SUAREZ
Representative
Third District, Province of Quezon

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Philippines

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 293

Introduced by Honorable **DANILO E. SUAREZ**

AN ACT
INCREASING THE RATE OF DUTY ON IMPORTED TOBACCO,
CIGARETTE PAPER, TIPPING PAPER AND FILTER RODS USED IN
MAKING CIGARS AND CIGARETTES, AMENDING FOR THE
PURPOSE CERTAIN TARIFF HEADINGS OF THE TARIFF AND
CUSTOMS CODE OF THE PHILIPPINES, AS AMENDED

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

SECTION 1. Heading No. 24.01 and Heading No. 24.03 under
Chapter 24, Section IV of the Tariff and Customs Code of the
Philippines, as amended, are hereby amended to read as follows:

No.	Tariff code	Description	Year	Rate of Duty (%)		ASEAN Countries Enjoying Concession**
				MFN	CEPT	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
24.01		Unmanufactured tobacco; tobacco refuse				
	2401.10	- Tobacco, not stemmed/stipped:				
	2401.10.10	-- Virginia type, flue-cured	[2004 2005 2007	7 7 11	3	Only for ID, LA, SG and TH. Only for ID, LA, SG and TH.
	2401.10.20	-- Virginia type, not flue-cured	[2004 2005 2007	7 7 11	3	Only for ID, LA, SG and TH. Only for ID, LA, SG and TH.
	2401.10.30	-- Other, flue-cured	[2004 2005 2007	7 7 11	3	Only for ID, LA, SG and TH. Only for ID, LA, SG and TH.

Hdg.	Tariff code	Description	Year	Rate of Duty (%)		ASEAN Countries Enjoying Concession**
				MFN	CEPT*	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
24.03		Other manufactured tobacco and manufactured tobacco substitutes; "homogenised" or "reconstituted" tobacco; tobacco extracts and essences				
	2403.10	- Smoking tobacco, whether or not containing tobacco substitutes in any proportion:				
		-- Packed for retail sale:				
	2403.10.11	--- Blended tobacco	[2004	7]	5	Only for ID, SG and TH.
			[2005	7]	5	Only for ID, SG and TH.
			2007	11		
	2403.10.19	--- Other	[2004	7]	5	Only for ID, SG and TH.
			[2005	7]	5	Only for ID, SG and TH.
			2007	11		
		-- Other manufactured tobacco for cigarette making:				
	2403.10.21	--- Blended tobacco	[2004	7]	5	Only for ID, SG and TH.
			[2005	7]	5	Only for ID, SG and TH.
			2007	11		
	2403.10.29	--- Other	[2004	7]	5	Only for ID, SG and TH.
			[2005	7]	5	Only for ID, SG and TH.
			2007	11		
	2403.10.90	-- Other	[2004	7]	5	Only for ID, SG and TH.
			[2005	7]	5	Only for ID, SG and TH.
			2007	11		
	2403.91.00	- Other: -- "Homogenised" or "reconstituted" tobacco	[2004	3]	0	Only for ID, SG and TH.
			[2005	3]	0	Only for ID, SG and TH.
			2007	5		
	2403.99	-- Other:				
	2403.99.10	--- Tobacco extracts and essences	[2004	3]	0	Except KH, LA, MM, MY and VN
			[2005	3]	0	Except KH, LA, MM, MY and VN
			2007	5		

Hdg.	Tariff code	Description	Year	Rate of Duty (%)		ASEAN Countries Enjoying Concession**
				MFN	CEPT*	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	2401.10.50	--Other, not flue-cured	[2004 2005 2007	7] 7] 11	3 3	Only for ID, LA, SG and TH. Only for ID, LA, SG and TH.
	2401.20	-Tobacco, partly or wholly stemmed/stripped:	[2004	7]	5	Only for ID, SG and TH.
	2401.20.10	--Virginia type, flue-cured	[2005 2007	7] 11	5	Only for ID, SG and TH.
	2401.20.20	--Virginia type, not flue-cured	[2004 2005 2007	7] 7] 11	5 5	Only for ID, SG and TH. Only for ID, SG and TH.
	2401.20.30	--Oriental type	[2004 2005 2007	7] 7] 11	5 5	Only for ID, SG and TH. Only for ID, SG and TH.
	2401.20.40	--Burley type	[2004 2005 2007	7] 7] 11	5 5	Only for ID, SG and TH. Only for ID, SG and TH.
	2401.20.50	--Other, flue-cured	[2004 2005 2007	7] 7] 11	5 5	Only for ID, SG and TH. Only for ID, SG and TH.
	2401.20.90	-- Other, not flue-cured	[2004 2005 2007	7] 7] 11	5 5	Only for ID, SG and TH. Only for ID, SG and TH.
	2401.30	- Tobacco refuse:	[2004	7]	3	Only for ID, LA, SG and TH.
	2401.30.10	-- Tobacco stems	[2005 2007	7] 11	3	Only for ID, LA, SG and TH.
	2401.30.90	-- Other	[2004 2005 2007	7] 7] 11	3 3	Only for ID, SG and TH. Only for ID, SG and TH.
24.02	X X X		X X	X X	XX	XX

Hdg.	Tariff code	Description	Year	Rate of Duty (%)		ASEAN Countries Enjoying Concession**
				MFN	CEPT*	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	2403.89.30	--- Manufactured tobacco substitutes	[2004	3]	0	Except KH, LA, MM, MY and VN
			[2005	3]	0	Except KH, LA, MM, MY and VN
			2007	6		
	xxx	x x x	xx	xx	xx	xx
	xxx	x x x	xx	xx	xx	xx

SEC.2. Heading No. 48.13 under Chapter 48, Section X of the Tariff and Customs Code of the Philippines, as amended, is hereby amended to read as follows:

Hdg.	Tariff code	Description	Year	Rate of Duty (%)		ASEAN Countries Enjoying Concession**
				MFN	CEPT*	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
48.13		Cigarette paper, whether or not cut to size or in the form of booklets or tubes.				
	4813.10.00	- In the form of booklets or tubes	[2004	5]	3	Except KH and LA
			[2005	5]	3	Except KH and LA
			2007	8		
	4813.20.00	- In rolls of a width not exceeding 5 cm	[2004	5]	3	Except KH and LA
			[2005	5]	3	Except KH and LA
			2007	8		
	4813.90.00	- Other	[2004	5]	3	Except KH and LA
			[2005	5]	3	Except KH and LA
			2007	8		
	xxx	x x x	xx	xx	xx	xx
	xxx	x x x	xx	xx	xx	xx

SEC.3. Heading No. 56.01 under Chapter 56, Section XI of the Tariff and Customs Code of the Philippines, as amended, is hereby amended to read as follows:

56.01	Wadding of textile materials and articles thereof; textile fibres, not exceeding 5mm in length (stock), textile dust and mill naps.
-------	---

SEC. 4. Implementing Rules and Regulations – The Secretary of Finance shall, upon recommendation of the Commissioner of the Bureau of Customs, promulgate the rules and regulations necessary for the effective implementation of this Act.

SEC. 5. Repealing Clause – All laws, executive orders, decrees, rules and regulations, and other issuances or parts thereof inconsistent with the provisions of this Act, are hereby repealed or modified accordingly.

SEC. 6. *Effectivity* – This Act shall take effect after fifteen (15) days from its publication in the Official Gazette or in at least two (2) national newspapers of general circulation whichever date comes earlier.

Approved.