

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

House Bill No. 2485



AN ACT
PROVIDING FOR AN ADDITIONAL TAX OF P3.00 PER PACK OF CIGAR AND CIGARETTES, AMENDING FOR THE PURPOSE THE NATIONAL INTERNAL REVENUE CODE OF 1997 AS AMENDED BY R.A. 9334, TO GENERATE FUNDS FOR THE PHILHEALTH UNIVERSAL COVERAGE OF INDIGENT FAMILIES, BARANGAY OFFICIALS, HEALTH AND DAY CARE WORKERS, AND FOR OTHER PURPOSES

Introduced by **REP. ERICO B. AUMENTADO**

EXPLANATORY NOTE

Cigarette smoking has been tagged as one of the major causes of the deadly lung cancer and tuberculosis. The smoke, when inhaled by a non-smoker, has been identified also as a cause for cancer, asthma and allergy-driven sinusitis.

The diseases attributed to smoking, together with the impact on the smoker's pocket, necessitated a stronger regulation to curb smoking.

Towards this end, R.A. 9334 was enacted to increase the excise tax on cigar, ordinary and premium cigarettes. The increase, however, is on a graduated scale from January 1, 2005 to January 1, 2011.

Despite the graduated increase of excise tax, the cigarette smokers grow in alarming numbers estimated at 17.3 million of about 90 million Filipinos. Thus, the officials of the Department of Health and the Framework Convention on Tobacco Control Alliance of the Philippines (FTCAP) have thought of imposing a higher tax on cigar and cigarettes to reduce smoking considerably in the Philippines and minimize deaths due to cancer.

In response to the anti-tobacco advocates' call to minimize smoking and cancer cases, this bill is filed to increase the tax for cigar and cigarettes by three pesos (P3.00) effective January 1, 2012. The tax increase, hopefully, can discourage the jobless, poor, minors and students from smoking and at the same time avoid the risks of cancer and other smoking related ailments.

The amount generated from such taxation shall be spent exclusively for the Philhealth universal coverage of indigent families as may be determined by the DSWD, and the barangay captains, kagawads, secretary, treasurers, lupong tagapayapa members, health workers, and day care workers who are the frontliners in the delivery of basic services in the rural areas.

Wherefore, early approval of this bill is most respectfully prayed for of this Honorable Chamber.


ERICO B. AUMENTADO
Representative, 2nd District, Bohol

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Introduced by **REP. ERICO B. AUMENTADO**

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

Section 1. Section 145 of the National Internal Revenue Code of 1997 – as amended by R.A. 9334, is hereby further amended by insertion to read as follows:

“Sec. 145. *Cigars and Cigarettes.* –

“(A) *Cigars.* – There shall be levied, assessed and collected on cigars an *ad valorem* tax based on the net retail price per cigar (excluding the excise tax and 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, ten percent (10%); and

“(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), Fifty pesos (P50.00) plus fifteen percent (15%) of the net retail price in excess of Five hundred pesos (P500.00)”

AN ADDITIONAL TAX OF THREE PESOS (P3.00) PER CIGAR PACK SHALL BE LEVIED, ASSESSED AND COLLECTED EFFECTIVE JANUARY 1, 2012.

“(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, 2005, Two pesos (P2.00) per pack;

“Effective on January 1, 2007, Two pesos and twenty-three centavos (P2.23) per pack;

“Effective on January 1, 2009, Two pesos and forty-seven centavos (P2.47) per pack; and

“Effective on January 1, 2011, Two pesos and seventy-two centavos (P2.72) per pack.

AN ADDITIONAL TAX OF THREE PESOS (P3.00) SHALL BE LEVIED, ASSESSED AND COLLECTED EFFECTIVE JANUARY 1, 2012.

"Duly registered or existing brands of cigarettes or new brands thereof packed by hand shall only be packed in thirties.

"(C) *Cigarettes Packed by Machine.* – There shall be levied assessed and collected on cigarette packed by machine a tax at the rates prescribed below:

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

"Effective on January 1, 2005, Two pesos (P2.00) per pack;

"Effective on January 1, 2007, Two pesos and twenty-three centavos (P2.23) per pack;

"Effective on January 1, 2009, Two pesos and forty-seven centavos (P2.47) per pack; and

"Effective on January 1, 2011, Two pesos and seventy-two centavos (P2.72) per pack.

AN ADDITIONAL TAX OF THREE PESOS (P3.00) SHALL BE LEVIED, ASSESSED AND COLLECTED EFFECTIVE JANUARY 1, 2012.

"(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 (6.50) per pack the tax shall be:

"Effective on January 1, 2005, Six pesos and thirty-five centavos (P6.35) per pack;

"Effective on January 1, 2007, Six pesos and seventy-four centavos (P6.74) per pack;

"Effective on January 1, 2009, Seven pesos and fourteen centavos (P7.14) per pack; and

Effective on January 1, 2011, Seven pesos and fifty-six centavos (P7.56) per pack.

AN ADDITIONAL TAX OF THREE PESOS (P3.00) SHALL BE LEVIED, ASSESSED AND COLLECTED EFFECTIVE JANUARY 1, 2012.

(3) If the net retail price (excluding the excise tax and the value-added tax) exceeds Six pesos and fifty centavos (6.50) but does not exceed Ten pesos (P10.00) per pack the tax shall be:

"Effective on January 1, 2005, Ten pesos and thirty-five centavos (P10.35) per pack;

"Effective on January 1, 2007, Ten pesos and eighty-eight centavos (P10.88) per pack;

"Effective on January 1, 2009, Eleven pesos and forty-three centavos (P11.43) per pack; and

Effective on January 1, 2011, Twelve pesos (P12.00) per pack.

AN ADDITIONAL TAX OF THREE PESOS (P3.00) SHALL BE LEVIED, ASSESSED AND COLLECTED EFFECTIVE JANUARY 1, 2012.

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

"Effective on January 1, 2005, Twenty-five pesos (P25.00) per pack;

"Effective on January 1, 2007, Twenty-six pesos and six centavos (P26.06) per pack;

"Effective on January 1, 2009, Twenty-seven pesos and sixteen centavos (P27.16) per pack; and

"Effective on January 1, 2011, Twenty-eight pesos and 30 centavos (P28.30) per pack.

AN ADDITIONAL TAX OF THREE PESOS (P3.00) SHALL BE LEVIED, ASSESSED AND COLLECTED EFFECTIVE JANUARY 1, 2012.

Section 2. Additional Revenues. – The additional revenues herein collected shall be remitted directly to the Philippine Health Insurance Corporation for the purpose of meeting and sustaining the goal of the National Health Insurance Program which shall now include the coverage of barangay captains, kagawads, secretaries, treasurers, tanods, lupong tagapayapa members, health workers and day care workers as frontline deliverers of essential services in their respective barangay.

Section 3. 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 within a period of ninety (90) days from approval hereof.

Section 4. Separability Clause. – If any of the provisions of 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.

Section 5. Repealing Clause. – All laws, decrees, ordinances, rules and regulations, executive or administrative orders, and such presidential issuances as are inconsistent with any provisions of this Act are hereby repealed, amended or otherwise modified accordingly.

Section 6. Effectivity. – This Act shall take effect on January 1, 2012.