

FIFTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

HOUSE OF REPRESENTATIVES

H. Bill No. 3465

Introduced by Representative Henedina R. Abad,
Lone District of Batanes

Explanatory Note

This bill seeks to amend Sections 144, 145, 131 (Section A), 288 (Sections B and C) of the National Revenue Code of 1997, as amended by R.A. 9334 to increase much-needed revenue as well as control the social costs attributed to smoking.

The Philippines suffers from low tax effort. The country's tax effort in 2009 fell below 13 percent and is recorded as the lowest in the ASEAN region for similarly situated countries. Low taxes collected from tobacco products contribute to this persistent problem. RA 9334, which was passed in 2004, failed to generate the desired amount of revenues as well as meet its sumptuary objectives. The failure on both counts is due to structural flaws in the current system such as the non-indexation of specific tax and non-reclassification of alcohol and tobacco products to reflect current prices.

In addition to revenue generation, government also employs tax policies to affect the behavior of producers and consumers as well as to control social costs or regulate activities that are likely to cause negative externalities. Lowering cigarette and tobacco consumption through tax measures is one of the Philippines' obligations under the WHO Framework Convention on Tobacco Control. Under Article 6(2)(a), each party to the Convention shall implement "tax policies and, where appropriate, price policies, so as to contribute to the health objectives aimed at reducing tobacco consumption..." The Philippines signed the Convention on 23 September 2003, which the Philippine Senate ratified it on April 25, 2005 by a unanimous vote. The treaty entered into force on 27 February 2005.

Data from World Health Organization indicate that tobacco is the second major cause of death in the world. It is responsible for the death of one in ten adults worldwide (i.e. about 5 million death each year). The study likewise asserts that if current smoking patterns continue, it will cause some 10 million deaths each year by 2020. Half the people that smoke today – that is about 650 million people – will eventually be killed by tobacco. The Philippines has the second highest smoking prevalence rate in Southeast Asia. According to DOH, seven of the top ten causes of mortality in the Philippines are smoking-related diseases. The World Health Organization (WHO) estimates in 2008 show that 35 percent of the Philippine population are smokers.

Smoking results in tremendous economic costs to Philippine society. According to the 2006 Tobacco and Poverty Study of the Department of Health, economic costs, which include health care costs and productivity losses from death and disease related to four smoking-related diseases (i.e. lung cancer, cerebro-vascular disease, coronary artery disease, chronic obstructive pulmonary disease), range from US\$ 2.86 to US\$6.05 billion or PhP148.47 to PhP314.38 billion.

The bill is designed to make the tax structure simple, effective and efficient to enhance revenue generation as well as curb the consumption of tobacco. The main features of this bill are:

1. Provides for a unitary excise tax system for each category of tobacco products
2. Provides for the indexation of the tobacco excise tax to inflation to avoid erosion of revenues by inflation
3. Removes the price classification freeze by repealing Annex D as provided in RA 9334 (Sin Tax Law of 2004)
4. Earmarks incremental revenues for universal health coverage, disease prevention, and health promotion campaigns as well as support for tobacco farmers, whose livelihood may be affected by the tax.

In view of the foregoing, approval of this bill is earnestly sought.


Henedina Razon Abad
Representative
Lone District of Batanes

HOUSE OF REPRESENTATIVES

H. Bill No. ~~3465~~

Introduced by Representative Henedina R. Abad,
Lone District of Batanes

**AN ACT RESTRUCTURING THE EXCISE TAX ON TOBACCO PRODUCTS AND
AMENDING FOR THE PURPOSE PERTINENT SECTIONS OF THE NATIONAL
INTERNAL REVENUE CODE, AS AMENDED.**

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

1 **SECTION 1.** Section 144 of the National Internal Revenue Code of 1997, as
2 amended by Republic Act. No. 9334, is hereby further amended to read as
3 follows:

4 **"Sec. 144. Tobacco Products.** – There shall be collected a tax of [One
5 peso (P1.00)] **TWO PESOS AND FIFTY CENTAVOS (P2.50)** on each kilogram
6 of the following products of tobacco:

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

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

12 "(c) Fine-cut shorts and refuse, scraps, clippings, cuttings, stems and
13 sweepings of tobacco except as otherwise provided hereunder.

14 "Stemmed leaf tobacco, tobacco prepared or partially prepared with or
15 without the use of any machine or instrument or without being pressed or
16 sweetened, fine-cut shorts and refuse, scraps, clippings, cuttings, stems, midribs,
17 and sweepings of tobacco resulting from the handling or stripping of whole leaf
18 tobacco shall be transferred, disposed of, or otherwise sold, without any

19 prepayment of the excise tax herein provided for, if the same are to be exported
20 or be used in the manufacture of cigars, cigarettes, or other tobacco products on
21 which the excise tax will eventually be paid on the finished product, under such
22 conditions as may be prescribed in the rules and regulations promulgated by the
23 Secretary of Finance, upon the recommendation of the Commissioner.

24 "On tobacco specially prepared for chewing so as to be unsuitable for use
25 in any other manner, on each kilogram, [Seventy-nine centavos (P0.79)] **ONE**
26 **PESO AND EIGHTY-SEVEN CENTAVOS (P 1.87).**"

27 ["The rates of tax imposed under this Section shall be increased by six
28 percent (6%) every two years starting on January 1, 2007 until January 1, 2011."]

29 **PROVIDED, THAT, ON JANUARY 1, 2013 AND EVERY YEAR**
30 **THEREAFTER, THE EXCISE TAX RATES PRESCRIBED HEREIN SHALL BE**
31 **ADJUSTED ANNUALLY TO THEIR PRESENT VALUE USING THE**
32 **CONSUMER PRICE INDEX, AS PUBLISHED BY THE NATIONAL**
33 **STATISTICS OFFICE.**

34 "Manufacturers and importers of tobacco products shall, within 30 days
35 from the effectivity of this Act and within the first (5) days of every month
36 thereafter, submit to the Commissioner a sworn statement of the volume of sales
37 for each particular brand of tobacco products sold [at their establishment] for the
38 three-month period immediately preceeding.

39 "Any manufacturer or importer who, in violation of this Section, knowingly
40 misdeclares and misrepresents in his or its sworn statement herein required any
41 pertinent data or information shall, upon discovery, be penalized by a summary
42 cancellation or withdrawal of his or its permit to engage in the business as
43 manufacturer or importer of cigar or cigarettes.

44 "Any corporation, association or partnership liable for any of the acts or
45 omissions in violation of this Section shall be fined treble the amount of
46 deficiency taxes, surcharges and interest which may be assessed pursuant to
47 this Section.

48 "Any person liable for any of the acts and omissions prohibited under this
49 Section shall be criminally liable and penalized under Section 254 of this Code.
50 Any person who willfully aids or abets in the commission of any such act or
51 omission shall be criminally liable in the same manner as the principal.

52 "If the offender is not a citizen of the Philippines, he shall be deported
53 immediately after serving the sentence, without further proceedings for
54 deportation."

55 **SECTION 2.** Section 145 of the National Internal Revenue Code of 1997, as
56 amended by Republic Act. No. 9334, is hereby further amended to read As
57 follows:

58 "Sec. 145. **Cigars and Cigarettes.**

59 "(A) *Cigars.* – There shall be levied, assessed and collected on cigars [an
60 *ad valorem* tax based on the retail price] **A TAX OF TWO HUNDRED PESOS**
61 **(P200.00)** per cigar. [(excluding the excise tax and the value- added tax) in
62 accordance with the following schedule:]"

63 ["(1) If the net retail price per cigar is Five hundred pesos (P500) or
64 less, ten percent (10%); and]

65 ["(2) If the net retail price per cigar (excluding the excise tax and
66 the value-added tax) is more than Five hundred pesos (P500), Fifty pesos
67 (P50.00) plus fifteen percent (15%) of the net retail price in excess of Five
68 hundred pesos (P500.00)."]

69 **PROVIDED, THAT, ON JANUARY 1, 2013 AND EVERY YEAR**
70 **THEREAFTER, THE EXCISE TAX RATE PRESCRIBED HEREIN SHALL BE**
71 **ADJUSTED ANNUALLY TO ITS PRESENT VALUE USING THE CONSUMER**
72 **PRICE INDEX, AS PUBLISHED BY THE NATIONAL STATISTICS OFFICE.**

73 "(B) *Cigarettes Packed by Hand.* – There shall be levied, assessed and
74 collected on cigarettes packed by hand a tax at the [rates prescribed below:]
75 **RATE OF FOURTEEN PESOS (P14.00) PER PACK."**

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

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

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

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

83 **PROVIDED, THAT, ON JANUARY 1, 2013 AND EVERY YEAR**
84 **THEREAFTER, THE EXCISE TAX RATE PRESCRIBED HEREIN SHALL BE**
85 **ADJUSTED ANNUALLY TO ITS PRESENT VALUE USING THE CONSUMER**
86 **PRICE INDEX, AS PUBLISHED BY THE NATIONAL STATISTICS OFFICE.**

87 "Duly registered or existing brands of cigarettes or new brands thereof
88 packed by hand shall only be packed in thirties. **ANY BRAND PACKED BY**
89 **LESS THAN THIRTIES SHALL BE TREATED AS IF IT IS PACKED BY**
90 **THIRTIES AND SUBJECTED TO THE TAX PROVIDED HEREIN, WITHOUT**
91 **PREJUDICE TO OTHER ADMINISTRATIVE OR CRIMINAL PENALTIES THAT**
92 **MAY BE IMPOSED ON THE MANUFACTURER, IMPORTER AND**
93 **DISTRIBUTOR OF THE SAID BRAND."**

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

97 **EFFECTIVE ON JANUARY 1, 2012 –**

98 **(1) IF THE NET RETAIL PRICE (EXCLUDING THE EXCISE TAX AND**
99 **THE VALUE-ADDED TAX) IS TEN PESOS (P10.00) AND BELOW PER PACK,**
100 **THE TAX SHALL BE FOURTEEN PESOS (P14.00) PER PACK;**

101 **(2) IF THE NET RETAIL PRICE (EXCLUDING THE EXCISE TAX AND**
102 **THE VALUE-ADDED TAX) IS MORE THAN TEN PESOS (P10.00) PER PACK,**
103 **THE TAX SHALL BE TWENTY EIGHT PESOS AND THIRTY CENTAVOS**
104 **(P28.30) PER PACK;**

105 **EFFECTIVE ON JANUARY 1, 2013 –**

(1) IF THE NET RETAIL PRICE (EXCLUDING THE EXCISE TAX AND THE VALUE-ADDED TAX) IS TEN PESOS (P10.00) AND BELOW PER PACK, THE TAX SHALL BE TWENTY-TWO PESOS (P22.00) PER PACK;

(2) IF THE NET RETAIL PRICE (EXCLUDING THE EXCISE TAX AND THE VALUE-ADDED TAX) IS MORE THAN TEN PESOS (P10.00) PER PACK, THE TAX SHALL BE THIRTY PESOS (P30.00) PER PACK;

EFFECTIVE ON JANUARY 1, 2014, THE TAX SHALL BE THIRTY PESOS (P30.00) PER PACK, REGARDLESS OF THEIR RETAIL PRICE.

PROVIDED, THAT, ON JANUARY 1, 2015 AND EVERY YEAR THEREAFTER, THE EXCISE TAX RATE PRESCRIBED HEREIN SHALL BE ADJUSTED ANNUALLY TO ITS PRESENT VALUE USING THE CONSUMER PRICE INDEX, AS PUBLISHED BY THE NATIONAL STATISTICS OFFICE.

ALL BRANDS OF CIGARETTES EXISTING IN THE MARKET AT THE TIME OF THE EFFECTIVITY OF THIS ACT SHALL BE CLASSIFIED ACCORDINGLY FOR THE PROPER DETERMINATION OF THE TAX LIABILITY IN ACCORDANCE WITH THE SCHEDULE PROVIDED ABOVE.

[" (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 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.]

["(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 on January 1, 2005, Six pesos and thirty-five centavos (P6.35)

135 per pack;]

136 ["Effective on January 1, 2007, Six pesos and seventy-four centavos

137 (P6.74) per pack;]

138 ["Effective on January 1, 2009, Seven pesos and fourteen centavos

139 (P7.14) per pack; and]

140 ["Effective on January 1, 2011, Seven pesos and fifty-six centavos (P7.56)

141 per pack.]

142 ["(3) If the net retail price (excluding the excise tax and the value-added

143 tax exceeds Six pesos and fifty centavos (P6.50) but does not exceed Ten

144 pesos (P10.00) per pack, the tax shall be:]

145 ["Effective on January 1, 2005, Ten pesos and thirty-five centavos

146 (P10.35) per pack;]

147 ["Effective on January 1, 2007, Ten pesos and eighty-eight centavos

148 (P10.88) per pack;]

149 ["Effective on January 1, 2009, Eleven pesos and forty-three centavos

150 (P11.43) per pack; and]

151 ["Effective on January 1, 2011, Twelve pesos (P12.00) per pack.]

152 ["(4) If the net retail price (excluding the excise tax and the value-added

153 tax is above Ten pesos (P10.00) per pack, the tax shall be:]

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

155 ["Effective on January 1, 2007, Twenty-six pesos and six centavos

156 (P26.06) per pack;]

157 ["Effective on January 1, 2009, Twenty-seven pesos and sixteen centavos

158 (P27.16) per pack; and]

159 ["Effective on January 1, 2011, Twenty-eight pesos and thirty centavos

160 (P28.30) per pack.]

161 "Variants of existing brands and variants of new brands of cigarettes which

162 are introduced in the domestic market after the effectivity of this Act shall be

163 taxed under the proper classification thereof based on their suggested net retail

initially validated net retail price against the net retail price as of the time of revalidation in order to finally determine the correct tax bracket under which a particular new brand of cigarettes shall be classified. [*Provided, however, That brands of cigarettes introduced in the domestic market between January 1, 1997 and December 31, 2003 shall remain in the classification under which the Bureau of Internal Revenue has determined them to belong as of December 31, 2003. Such classification of new brands and brands introduced between January 1, 1997 and December 31, 2003 shall not be revised except by an act of Congress.*]

“ ‘Net retail price’, as determined by the Bureau of Internal Revenue through a price survey to be conducted by the Bureau of Internal Revenue itself, or by the National Statistics Office when deputized for [the] this purpose by the Bureau of Internal Revenue, shall mean the price at which at which the cigarette is sold on retail in at least twenty (20) major supermarkets in Metro Manila (for brands of cigarettes marketed nationally), excluding the amount intended to cover the applicable excise tax and value-added tax. For brands which are marketed only outside Metro Manila, the ‘net retail price’, shall mean the price at which the cigarette is sold in at least five (5) major supermarkets in the region excluding the amount intended to cover the applicable excise tax and the value-added tax. **THE MAJOR SUPERMARKETS SHALL BE THOSE WITH THE HIGHEST TOTAL GROSS SALES IN METRO MANILA OR THE REGION, AS THE CASE MAY BE, AS DETERMINED BY NATIONAL STATISTICS OFFICE.**

["The classification of each brand of cigarettes based on the average net retail price as of October 1, 1996, as set forth in Annex 'D', including the classification of brands for the same products which, although not set forth in said Annex'D', were registered and were being commercially produced and marketed on or after October 1, 1996, and which continue to be commercially produced and marketed after the effectivity of this Act, shall remain in force until revised by Congress.]

“Manufacturers and importers of cigars and cigarettes shall, within thirty

(30) days from the effectivity of this Act, and within the first five (5) days of every month thereafter, submit to the Commissioner a sworn statement of the volume of sales for each particular brand of cigars and/or cigarettes sold [at his establishment] for the three-month period immediately preceding.

"Any manufacturer or importer who, in violation of this Section, knowingly misdeclares or misrepresents in his or its sworn statement herein required any pertinent data or information shall, upon discovery, be penalized by a summary cancellation or withdrawal of his or its permit to engage in business as manufacturer or importer of cigars or cigarettes.

"Any corporation, association or partnership liable for any of the acts or omissions in violation of this Section shall be fined treble the aggregate amount of deficiency taxes, surcharges and interest which may be assessed pursuant to this Section.

"Any person liable for any of the acts or omissions prohibited under this Section shall be criminally liable and penalized under Section 254 of this Code. Any person who willfully aids or abets in the commission of any such act or omission shall be criminally liable in the same manner as the principal.

"If the offender is not a citizen of the Philippines, he shall be deported immediately after serving the sentence, without further proceedings for deportation."

Section 3. Section 131, Subsection A of the National Internal Revenue Code of 1997, as amended by Republic Act. No. 9334, is hereby further amended to read as follows:

"SEC. 131. *Payment of Excise Taxes on Imported Articles.* –

"(A) *Persons Liable.* - Excise taxes on imported articles shall be paid by the owner or importer to the Customs Officers, conformably with the regulations of the Department of Finance and before the release of such articles from the customs house, or by the person who is found in possession of articles which are exempt from excise taxes other than those legally entitled to exemption.

"In the case of tax-free articles brought or imported into the Philippines by persons, entities, or agencies exempt from tax which are subsequently sold, transferred or exchanged in the Philippines to non-exempt persons or entities, the purchasers or recipients shall be considered the importers thereof, and shall be liable for the duty and internal revenue tax due on such importation.

"The provision of any special or general law to the contrary notwithstanding, the importation of cigars and cigarettes, distilled spirits, fermented liquors and wines into the Philippines, even if destined for tax and duty-free shops, shall be subject to all applicable taxes, duties, charges, including excise taxes due thereon. This shall apply to cigars and cigarettes, distilled spirits, fermented liquors and wines brought directly into the duly chartered or legislated freeports of the Subic Special Economic and Freeport Zone, created under Republic Act No. 7227; the Cagayan Special Economic Zone and Freeport, created under Republic Act No. 7922; and the Zamboanga City Special Economic Zone, created under Republic Act No. 7903, and such other freeports as may hereafter be established or created by law: *Provided, further,* That **NOTWITHSTANDING THE PROVISION OF REPUBLIC ACT 9593, THE** importations of cigars and cigarettes, [distilled spirits, fermented liquors and wines] made directly by a government-owned and operated duty-free shop, like **ONE OPERATED BY** the Duty-Free Philippines [(DFP)] **CORPORATION**, shall **NOT** be exempted from **THE EXCISE TAX** [all applicable duties only]: *Provided, still further,* That such articles directly imported by a government-owned and operated duty-free shop, [like the Duty-Free Philippines,] shall be labeled 'duty-free' and 'not for resale': *Provided, finally,* That the removal and transfer of tax and duty-free goods, products, machinery, equipment and other similar articles other than cigars and cigarettes, distilled spirits, fermented liquors and wines, from one freeport to another freeport, shall not be deemed an introduction into the Philippine customs territory.

"Cigars and cigarettes, distilled spirits and wines within the premises of all

duty-free shops which are not labeled as hereinabove required, as well as tax and duty-free articles obtained from a duty-free shop and subsequently found in a non-duty-free shop to be offered for resale shall be confiscated, and the perpetrator of such non-labeling or re-selling shall be [punishable] penalized under the applicable provisions of this Code.

"Articles confiscated shall be **DESTROYED USING THE MOST ENVIRONMENTALLY FRIENDLY METHOD AVAILABLE.** [disposed of in accordance with the rules and regulations to be promulgated by the Secretary of Finance, upon recommendation of the Commissioners of Customs and Internal Revenue, upon consultation with the Secretary of Tourism and the General Manager of the Philippine Tourism Authority.]

"The tax due on any such goods, products, machinery, equipment or other similar articles shall constitute a lien on the article itself, and such lien shall be superior to all other charges or liens, irrespective of the possessor thereof.

"(B) *Rate and Basis of the Excise Tax on Imported Articles.* - Unless otherwise specified, imported articles shall be subject to the same rates and basis of excise taxes applicable to locally manufactured articles."

Section 4. Section 288, subsections B and C of the National Internal Revenue Code of 1997, as amended by Republic Act. No. 9334, is hereby further amended to read as follows:

"(B) *Incremental Revenues from Republic Act No. 8240.* - Fifteen percent (15%) of the incremental revenue collected from the excise tax on tobacco products under R.A. No. 8240 shall be allocated and divided among the provinces producing burley and native tobacco in accordance with the volume of tobacco leaf production. The fund shall be exclusively utilized for programs [in pursuit of the following objectives] **TO PROMOTE ECONOMICALLY VIABLE ALTERNATIVES FOR TOBACCO FARMERS AND WORKERS SUCH AS:**

(1) PROGRAMS THAT WILL PROVIDE INPUTS, TRAINING, AND OTHER SUPPORT FOR TOBACCO FARMERS, WHO SHIFT TO

309 PRODUCTION OF AGRICULTURAL PRODUCTS OTHER THAN TOBACCO.

310 (2) PROGRAMS THAT WILL PROVIDE FINANCIAL SUPPORT TO
311 TOBACCO FARMERS WHO ARE DISPLACED OR WHO CEASED TO
312 PRODUCE TOBACCO VOLUNTARILY.

313 (3) COOPERATIVE PROGRAMS TO ASSIST TOBACCO FARMERS IN
314 DEVELOPING ALTERNATIVE PLANTING SYSTEMS, PLANTING
315 ALTERNATIVE CROPS OR IMPLEMENTING OTHER LIVELIHOOD
316 PROJECTS.

317 ["(1) Cooperative projects that will enhance better quality of agricultural
318 products and increase income and productivity of farmers;"]

319 ["(2) Livelihood projects, particularly the development of alternative
320 farming system to enhance farmer's income; and]

321 ["(3) Agro-industrial projects that will enable tobacco farmers to be
322 involved in the management and subsequent ownership of projects, such as
323 post-harvest and secondary processing like cigarette manufacturing and by-
324 product utilization.]

325 "The Department of Budget and Management, in consultation with the
326 Oversight Committee created under said R.A. No. 8240, shall issue the
327 corresponding rules and regulations governing the allocation and disbursement
328 of this fund."

329 "(C) *Incremental Revenues from the Excise Tax on Alcohol and Tobacco*
330 *Products.* –

331 "(1) **FIVE PERCENT (5%)** [Two and a half percent (2.5%)] of the
332 incremental revenue from the excise tax on alcohol and tobacco products starting
333 [January 2005] **JANUARY 1, 2012** shall be remitted directly to the Philippine
334 Health Insurance Corporation (**PHIC**) for the purpose of meeting and sustaining
335 the goal of universal coverage of the National Health Insurance Program; and

336 "(2) **FIVE PERCENT (5%)** [Two and a half percent (2.5%)] of the
337 incremental revenue from the excise tax on alcohol and tobacco products starting

[January 2005] **JANUARY 1, 2012** shall be credited **AUTOMATICALLY** to the account of the Department of Health and constituted as a trust fund for its [disease prevention program] **HEALTH PROMOTION PROGRAMS.**

["The earmarking provided under this provision shall be observed for five (5) years starting from January 2005."]

THE EARMARKS PROVIDED IN SUBSECTION C SHALL BE OVER AND ABOVE THE ALLOCATIONS PROVIDED IN THE GENERAL APPROPRIATIONS ACT.

THE EXPENDITURES MADE USING THE EARMARKS PROVIDED IN SUBSECTIONS B AND C, SHALL BE REPORTED BY THE DEPARTMENT OF BUDGET AND MANAGEMENT, PHIC, AND THE DEPARTMENT OF HEALTH, AS THE CASE MAY BE, THROUGH THE OFFICIAL GAZETTE AND THEIR RESPECTIVE WEBSITES. A COPY OF THE SAID REPORTS SHALL ALSO BE SUBMITTED TO CONGRESS. PROVIDED, THAT SUCH REPORT SHALL CONTAIN ITEMIZED AND DETAILED DESCRIPTION OF THE SUCH EXPENDITURES. CONGRESS SHALL MAKE A REVIEW OF THESE EARMARKS EVERY 5 YEARS HEREAFTER.

SECTION 5. *Implementing Rules and Regulations* - The Secretary of Finance shall, upon the recommendation of the Commissioner of Internal Revenue, and in consultation with the Department of Health, promulgate the necessary rules and regulations for the effective implementation of this Act. The said rules and regulations shall be promulgated at least 30 days before January 1, 2012.

SECTION 6. *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 7. *Repealing Clause*. - All laws, decrees, ordinances, rules and regulations, executive or administrative orders, and such other presidential issuances as are inconsistent with any of the provisions of this Act are hereby repealed, amended or otherwise modified accordingly.

367 **SECTION 8. *Effectivity.*** - This Act shall take effect on January 1, 2012.

368 Approved,

Henry J. Ford